



Ad hoc Release

Martinsried/Munich (Germany), December 2, 2007

(1) MorphoSys and Novartis Forge New Strategic Alliance to Establish Innovative Therapeutic Antibody Pipeline

One of the Industry's Largest Pharma-Biotech R&D Collaborations

MorphoSys AG (Frankfurt Stock Exchange: MOR; Prime Standard Segment) announced today the formation of one of the most comprehensive strategic alliances with Novartis in the discovery and development of biopharmaceuticals. The deal is aimed at establishing a pipeline of innovative drugs, and combines MorphoSys's and Novartis's research and development capabilities. Novartis becomes MorphoSys's preferred collaborator for HuCAL-based drug discovery, allowing MorphoSys to progress to the next stage of its corporate development, which involves a greater focus on drug discovery and development within the Novartis alliance, and proprietary drug development, thereby substantially reducing MorphoSys's reliance on new or extended fee-for-service discovery deals. The expanded alliance also includes rights to co-detail co-developed products in specific territories through creation of MorphoSys's own sales force. In addition to programs pursued jointly, Novartis has accelerated its plan to internalize MorphoSys's leading human antibody technology, HuCAL, at its research sites under the option agreed in the original contract. The structure and the financial terms of the collaboration further create a solid financial footing allowing MorphoSys to accelerate and broaden its proprietary drug development efforts and participate in development activities with Novartis.

Transaction Structure

Under the agreement, Novartis will make a major long-term commitment to MorphoSys's HuCAL technology. The collaboration has a term of 10 years. Novartis has the option to prolong the collaboration for a further two years or to conclude the alliance after 7 years in certain limited circumstances. Over the lifetime of the agreement, the parties will engage in approximately double the annual number of therapeutic antibody discovery programs as compared to the previous alliance, encompassing a wide range of diseases. MorphoSys also has options to participate in certain development activities in various programs, with part of the early stage costs being funded by Novartis. Under the co-development options, MorphoSys may elect to participate in these projects through cost and profit sharing with financial participation reflecting its level of investment in the respective programs.

Financial Terms

Based on a 10-year term, committed total annual payments sum to more than US \$600 million in technology access, internalization fees and R&D funding, excluding reimbursement of R&D costs related to early stage development activities.

Total payments under the agreement, including committed payments and probability-weighted success-based milestones, contingent upon successful clinical development and market approval of multiple products, could potentially exceed US\$1 billion, assuming the collaboration

successfully runs its maximum term. In addition to these payments, MorphoSys would also be entitled to royalty payments and/or profit sharing on any future product sales.

The substantial committed and contingent funding that the new alliance brings will transform MorphoSys's ability to build value by expanding and accelerating its own drug development activities. In addition, MorphoSys will further build its drug pipeline via the co-development rights provided by the new agreement. MorphoSys remains committed to its ongoing proprietary drug development programs – MOR103 and MOR202 – and to the active therapeutic antibody pipeline built with its other partners.

END OF AD HOC ANNOUNCEMENT

MorphoSys will hold a public conference call and live audio webcast on **December 3, 2007 at 10:00 CET** to provide detailed information on its new strategic alliance with Novartis.

Dial-in number for the Conference Call: +49 (0)69 9897 2623 (listen-only)

UK residents: +44 (0)20 7138 0844

Confirmation code: 8460477

Please dial in 10 minutes before the beginning of the conference.

MorphoSys AG offers participants the opportunity to follow the presentation through a simultaneous slide presentation online at <http://www.morphosys.com>

An audio replay and manuscripts of the conference will be available following the live event on <http://www.morphosys.com/conferencecalls>

About MorphoSys:

MorphoSys is a publicly traded biotechnology company focused on the generation of fully human antibodies as a means to discover and develop innovative antibody-based drugs against life-threatening diseases. MorphoSys's goal is to establish HuCAL as the technology of choice for antibody generation in research, diagnostics and therapeutic applications. The Company currently has therapeutic and research alliances with the majority of the world largest pharmaceutical companies including Bayer-Schering, Boehringer Ingelheim, Centocor/Johnson & Johnson, Novartis, Pfizer and Roche. Within these partnerships, more than 40 therapeutic antibody programs are ongoing in which MorphoSys participates through exclusive license and milestones payments as well as royalties on any end products. Additionally, MorphoSys is active in the antibody research market through its AbD Serotec business unit. The business unit has operations in Germany (Munich), the U.S. (Raleigh, NC) and U.K. (Oxford). For further information please visit <http://www.morphosys.com/>

HuCAL and HuCAL GOLD are registered trademarks of MorphoSys AG

This communication contains certain forward-looking statements concerning the MorphoSys group of companies. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

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